

KENTUCKY TRANSPORTATION CABINET

DEPARTMENT OF HIGHWAYS

DIVISION OF PLANNING

I. Kentucky Shortline Railroad Assistance (KSRA) fund – financial assistance

KRS 174.058 established the shortline railroad assistance fund to provide for the rehabilitation and improvement of Class II and Class III railroads within the Commonwealth. The Transportation Cabinet is authorized to administer financial assistance when funds are appropriated by the General Assembly. This guidance establishes the procedures for Class II and III railroads within the Commonwealth to apply for financial assistance from the cabinet.

II. Definitions

- (1) “Applicant” means a Class II or Class III railroad as established in KRS 174.058(1) that may apply for grant assistance from the cabinet.
- (2) “Application” means the Transportation Cabinet TC 59-013 grant application and the required attachments.
- (3) “Available grant funds” means monies established in the State Treasury as the Kentucky Shortline Railroad Assistance (KSRA) fund to be administered and distributed by the Cabinet.
- (4) “Grant assistance” means grant funds awarded by the Transportation Cabinet from the KSRA fund.
- (5) “Director” means the executive director or director of the Division of Planning in the Transportation Cabinet.
- (6) “Division” means the Division of Planning in the Transportation Cabinet.
- (7) “Secretary” means the Secretary of the Transportation Cabinet.

III. Eligible Costs

- (1) Eligible costs for which financial assistance may be provided are outlined in KRS 174.058 (4) and include construction, reconstruction, improvement, or rehabilitation of rail facilities, including tracks, ties, roadbeds, and related structures used for freight rail operation in Kentucky.

IV. Project Funding

- (1) Grant assistance awarded to Class II or Class III railroads shall be limited to fifty (50) percent of the actual cost, with the applicant providing fifty (50) percent or more of the cost.
- (2) The fifty (50) percent minimum match is required to be a cash match. No in-kind match will be considered.
- (3) Applicants are responsible for any costs in excess of awarded amount that are necessary for completion of the approved Scope of Work and any authorized or unauthorized changes to the project.

- (4) Any awarded funds that are not used by an applicant are added to the available funds for the next year's applications.

V. Solicitation of Applications

- (1) When funding is appropriated in a program year, the Division of Planning shall distribute the call for applications for grant assistance.
- (2) The call for applications will indicate the deadline for filing an application and the amount of funds available for funding projects.

VI. Application for Financial Assistance

- (1) An applicant who is eligible for a grant as established in KRS 174.058 shall complete a TC Form 59- 13 and provide the following supporting documentation:
 - a. Introduction letter containing a brief narrative detailing the project, identifying the applicant's eligibility for the funding program, a description of any federal funds previously used within the proposed projects limits in the past 5 years, and how the applicant qualifies as a common carrier;
 - b. Copies of all documents from the Kentucky Secretary of State that demonstrates the applicant is an active company in good standing;
 - c. Copies of rail operating and lease agreements within limits of the proposed project;
 - d. Financial report that shows annual gross revenues for previous year demonstrating Class II or Class III status and proof of ability to provide minimum of 50% matching funds;
 - e. A detailed engineering assessment report (done in house or by consultant) for project track and bridge needs;
 - f. 8 1/2" x 11" map(s) clearly depicting the project location in appropriate scale.
 - g. Photographic documentation of the project location;
 - h. A detailed budget for the project including but not limited to:
 - Land costs (including cost of acquiring land and administrative costs incident thereto)
 - Environmental costs
 - Site preparation costs
 - Construction costs (track, foundation, ties, rail etc.) including manpower, equipment, and materials.
 - Lighting and signals
 - Other miscellaneous construction costs
 - Planning, engineering, & supervision costs
 - Administrative costs
 - Traffic control costs (highway and rail)
 - Contingencies
 - Total of estimated project cost
 - Project funding sources including applicant, KSRA funding, or other funding sources such as federal, etc.

- i. If applicable, copies of all correspondence or evidence of consultation that has occurred with state and federal environmental agencies including the US Army Corps of Engineers (404 permits), Kentucky Division of Water (401 permits), and the US Coast Guard. When federal permits are required the applicant must also provide evidence of consultation with the Kentucky Heritage Council regarding historic properties, including archaeological resources, and the US Fish and Wildlife Service regarding threatened and endangered species.
 - j. A detailed project schedule/timeline
- (2) Each copy shall be stapled or bound with a cover sheet that shall be clearly marked with the:
 - a. applicant,
 - b. project title,
 - c. date submitted.
 - (3) The applicant shall submit four (4) paper copies of the application and attachments.
 - (4) Completed applications shall be submitted to the Transportation Cabinet, Division of Planning-KSRA Application, 200 Mero Street, Frankfort, Kentucky 40622 and **must be postmarked by the application deadline.**
 - (5) Eligible applicants can submit multiple applications in response to a solicitation for applications. Each application must be a separate submission and demonstrate an independent utility.

VII. Prioritization of Applications

The Division of Planning’s Shortline Railroad Assistance review committee shall prioritize applications and make award recommendations for those applications determined to be eligible with the approval of the Secretary based on the following criteria:

- (1) Correct completion and submission of all sections of the application;
- (2) The applicant is an eligible entity as established in KRS 174.058;
- (3) The application establishes a project consistent with Cabinet objectives of safety and efficiency;
- (4) The application clearly demonstrates the applicant’s ability to provide the 50/50 match and the applicant’s previous track record with this funding;
- (5) The stated project objectives are feasible in light of the projected resources available;
- (6) Sound project planning as evidenced by:
 - a. A thorough description of the project including whether any federal funds have been used within the proposed projects limits in the past five (5) years; and
 - b. A proposed budget that:
 - Supports the activities of the project;
 - Is reasonable and adequate to achieve the objectives;
 - Substantiates availability of matching funds.
- (7) A clear description of the scope of work including a time line for completion and demonstration that consultation on any environmental, right-of-way, or utilities concerns

has been addressed and that any required local, state, or federal permits have been obtained.

VIII. Award of Grant

- (1) Grant funds shall be awarded to eligible applicants by the Division of Planning based on the recommendation of the Shortline Railroad Assistance review committee and approval of the Secretary. The prioritization system is established in the Prioritization of Applications section.
- (2) The Division shall announce the awards to applicants in writing within sixty (60) days after final awards deadline.
- (3) Grant fund award amounts cannot be increased after the award has been made. Applicants are responsible for any costs in excess of awarded amount that are necessary for completion of the approved Scope of Work and any authorized or unauthorized changes to the project.

IX. Execution of Performance and Maintenance Agreements

- (1) After an applicant has been awarded grant assistance, the applicant and the Cabinet shall execute a Memorandum of Agreement.
- (2) The applicant must have obtained any required local, state, or federal permits necessary to complete the project before the Memorandum of Agreement is fully executed.
- (3) Funds will not be made available to the applicant until the Memorandum of Agreement is fully executed by all parties and no work can begin until the Agreement is fully executed.
- (4) Work shall begin after the execution of the agreement. **Any project work done before the execution of the Memorandum of Agreement will cause the awardee to forfeit their award.**
- (5) The applicant shall perform the project work in accordance with the application submitted to the cabinet and approved by the Division.
- (6) All project work done by the applicant shall be in accordance with the current edition of the American Railway Engineering and Maintenance-of-Way Association (AREMA) Manual for Railway Engineering (MRE) guidance as well as any and all other applicable rail industry standards.
- (7) All materials purchased as part of project work shall be in accordance with the current edition of the AREMA MRE specifications as well as any and all other applicable rail industry standards.
- (8) Written requests for extensions of time, changes to the Scope of work, or for amendments to the agreement shall be approved by the Division with substantial justification.
- (9) The applicant will pay for all project expenses and only upon meeting all terms and conditions of the Memorandum of Agreement will the applicant receive reimbursement funding.
- (10) All charges to the awarded project must be supported by properly executed invoices, contracts, vouchers, and receipts. The applicant shall submit properly supported documents with all reimbursement requests for any materials, equipment, and labor used on the project.

(11) Upon completion of the project the applicant shall notify the Division that the project is completed and shall provide adequate documentation, including photographs of the completed project. The Division will conduct a site inspection prior to approving the final invoice.

X. Questions and Clarifications

For further information concerning this guidance please contact the Rail Coordinator in the Division of Planning at 502-564-7183 or via mail at Division of Planning, 200 Mero Street, Frankfort, Kentucky 40622.